

Special SHS Board Meeting

October 20, 2025



Purpose of Special SHS Board Meeting

Review key terms of the definitive affiliation agreement

Confirm alignment with Samaritan's mission, strategy, and LOI framework

Seek Board authorization to execute

Progress Since the SHS Board Retreat

Agreement Reached on Key Business Terms

- Alignment achieved on structure, governance, capital, and operational provisions.

Increased Certainty to Close

- Strengthened termination provisions to reduce risk of withdrawal.
- Prioritized mechanisms that keep the deal on track rather than allow termination.

Balanced Risk & Capital Protection

- If unforeseen issues arise, resolution occurs within the \$700M capital commitment, not through termination up to a certain \$ threshold
- Confident SHS will meet performance metrics to generate cash for capital needs

Long-Term Investment Commitment

- MultiCare expects to invest approximately \$1B in the SHS region over 10 years

Path to Bond Issue Resolution Secured

- Agreement reached on a joint approach to resolve SHS's bond default, with MultiCare's commitment to assist and strengthen post-closing capital access

Our Partnership Objectives



Grow Samaritan's preeminent position as the regional provider, clinical partner, and employer of choice



Optimize Samaritan's clinical and system integration to support high value care through access to innovative resources



Implement an efficient and effective governance structure that supports Samaritan's ability to operate fluidly and make decisions based on what is best for the community



Expand access, improve quality, promote health equity and reduce the cost of healthcare for all residents of the region



Sustain a strong culture that allows Samaritan to maintain its operations and build on its proven ability to meet the needs of the community



Meet Samaritan's near-term capital needs, particularly related to the Corvallis campus and health plan infrastructure



Further Detail Available in the Appendix

- Agreed upon terms reviewed at SHS Board Retreat
 - Structure
 - Governance
 - Foundations
 - Corporate Services
 - Branding
 - Leadership
 - Employees
 - Medical Staff
 - Charity Care / Financial Assistance Policy
- Reverse Due Diligence Summary
- Summary of Representations & Warranties
- Summary of Interim Conduct of Business (Post-Signing)
- Draft MultiCare Reserved Powers

Priority Terms for Review



Post-Closing Bond
Indebtedness

Financial
Commitments &
Reductions to
Capital Commitment

Regulatory
Approvals

Enforcement
Committee

Termination Rights

Post-Closing Bond Indebtedness

Current Status

- SHS is working with trustee's counsel to resolve the default through a waiver, forbearance agreement, or other acceptable resolution ("the Cure")

Cure Process & Responsibilities

- SHS will pursue the Cure using reasonable efforts and may not agree to terms that are binding on MultiCare without MHS consent
- MultiCare will also use reasonable efforts to assist in resolving the default, on terms agreeable to both SHS and MHS

MultiCare Support & Financial Alignment

- MHS Acknowledges it may need to guarantee or assume payment responsibility post-closing
- If a satisfactory agreement with bondholders is not reached by January 1, 2026, either party may terminate the affiliation agreement

Future Capital Access

- Post-Closing, MultiCare will seek to enhance SHS' access to capital and lower its cost of capital through combination of obligated groups
- MultiCare will use reasonable efforts to complete this combination within 24 months of closing, unless delayed by unfavorable market conditions

Financial Commitments

- **Minimum of \$700 million capital commitment over 10 years (excluding health plans capital needs).**
 - Minimum funding of \$300M in the first 5 years, plus annual routine capital allocations
 - Funding tied to agreed-upon financial metrics, if metrics are not met, capital commitment period may extend for an additional 2 years
- **Reductions to the Capital Commitment may occur in limited circumstances, including:**
 - [REDACTED]ies or settlements related to pre-closing matters (e.g. [REDACTED], employment or professional liability issues)
 - Costs arising from tax-exempt bond compliance or proven fraud
 - Occurrence of a Material Adverse Effect – defined as any event, change, or loss exceeding \$20M, excluding the items above
 - All reductions apply dollar for dollar and are narrowly defined to protect core capital funding
- **Following the 10-year period, SHS will participate in MultiCare's capital allocation process consistent with other system hospitals**

Regulatory Approvals

SHS & MHS will work in good faith to accept any conditions required for regulatory approval, unless those conditions would be a Burdensome Condition individually or in total

Definition of a “Burdensome Condition”

- Refers to any government-imposed approval condition that would:
 - Materially reduce the expected benefits of the affiliation;
 - Require either party to sell, divest, or discontinue a significant asset or business; or
 - Impose major restrictions on operations or assets resulting in a Material Adverse Effect
- A condition (or group of conditions) is considered burdensome if the total impact exceeds \$50M, excluding commitments made in the HCMO Notice

HCMO Notice Includes the Following Commitments:

- Address infrastructure issues at GSRMC and expand the facility
- Not sell or divest of any of Samaritan’s hospitals for a period of 7 years without SHS Board approval
- Meet Samaritan’s short- and long-term routine capital needs for deferred maintenance and equipment replacement
- Shared intent to expand and enhance services, not reduce them
- Bring population health expertise and behavioral health network to Samaritan
- SHS will fully integrate into MultiCare’s system operations and function as part of MultiCare
- Ongoing investment in state-of-the-art facilities, technology and care delivery models
- Provide necessary capital to strengthen the health plan entities



SHS Enforcement Committee



Purpose & Composition

Prior to closing, SHS will establish an ad hoc Board Enforcement Committee with 3 members

MultiCare has no authority to appoint, remove, or amend the committee or its charter

Committee serves as an independent oversight body to ensure MultiCare fulfills post-closing obligations



Dispute Resolution Process

Good-faith consultation between Enforcement Committee & MultiCare President

Escalation to MultiCare CEO and Board Chair if unresolved

Mediation, followed by binding arbitration if needed

All reasonable legal and third-party costs of the Committee are paid by MultiCare

- Costs to resolve a dispute that was found in MultiCare's favor can be reduced from the capital commitment



Duration

Committee remains active until the full \$700M capital commitment is allocated

Disbands once all capital obligations and any unresolved disputes are fully resolved



Termination Rights of MultiCare

Legal or regulatory barriers

- If the transaction becomes illegal or violates a final court or government order

Failure of conditions

- If SHS breaches a *fundamental representation*, or other required closing conditions can't be met

Material Adverse Effect (MAE)

- If SHS experiences a qualifying event (losses or liabilities) with a financial impact over \$60 million or that materially prevents closing or results in Samaritan's exclusion from a government health program
- Exclusions: Normal market, industry, or economic fluctuations, changes in GAAP or law, acts of God, agreed upon events disclosed in the agreement (infrastructure issues at GSRMC or SNLH or a loss that occurs as a result, requirement of MHS to guaranty our bond dept or become part of the obligated group, amounts or commitments in the HCMO Notice, any requirement to provide additional capital to health plans, etc.)

Bond resolution

- If an acceptable waiver or amendment to SHS's Master Trust Indenture isn't achieved by Jan 1, 2026

Timing

- If the transaction hasn't closed by the agreed End Date (September 30, 2026)

Regulatory conditions

- If required approvals impose a Burdensome Condition

Termination Rights of SHS

Legal or regulatory barriers: Same as MultiCare (illegality or final court/government order).

Failure of conditions: If MultiCare fails to meet its closing obligations or conditions.

Bond resolution: If no acceptable bond waiver or amendment is reached by **Jan 1, 2026**.

Timing: If the transaction hasn't closed by the **End Date**.

Management Recommendation

- Authorize Marty Cahill, President and CEO of Samaritan Health Services, Inc., or any delegate he may select in the future, to execute the Definitive Agreements between Samaritan Health Services and MultiCare Health System, substantially in the form presented, with non-material modifications as approved by counsel, and to take all actions necessary to diligently pursue the closing of the transaction.

Board Discussion



Draft Resolution of the SHS Board

WHEREAS, the Board of Directors of Samaritan Health Services, Inc. (the “Corporation”), after reviewing all reasonable options to remain independent, have determined that due to financial and operational challenges, it is in the best interest of the Corporation and the mid-Willamette Valley and central coast communities where it provides healthcare and related services, to affiliate with another health system; and

WHEREAS, the Corporation, retained a broker, Juniper Advisors, to assist with identifying potential health systems to affiliate with and engaged in a thorough process of identification and due diligence including site visits with potential partners; and

WHEREAS, the Corporation identified MultiCare Health System as the best choice to pursue an affiliation with due to their nonprofit mission, their financial and operational commitments to the mid-Willamette Valley and central coast communities, and their focus on positively impacting health outcomes for Oregonians, reducing healthcare costs, increasing access for all, and reducing health inequities; and

WHEREAS, the Corporation has been advised about the terms, rights and obligations included within the Definitive Agreements with MultiCare Health System, and has had sufficient time and opportunity to ask questions, discuss and consider with executives and advisors of the Corporation.

Draft Resolution of the SHS Board Cont.

NOW, THEREFORE, after motion duly made, seconded and unanimously carried, the following resolution is hereby adopted and approved:

BE IT RESOLVED:

The Corporation authorizes Marty Cahill, President and CEO of Samaritan Health Services, Inc., or any delegate he may select in the future, to execute the Definitive Agreements between Samaritan Health Services and MultiCare Health System, substantially in the form presented, with non-material modifications as approved by counsel, and to take all actions necessary to diligently pursue the closing of the transaction.

ADOPTED by the Board of Directors of Samaritan Health Services, Inc., this 20 day of October, 2025.

Appendix



Affiliation Structure & Governance Terms

MultiCare will become the sole corporate member of Samaritan Health Services

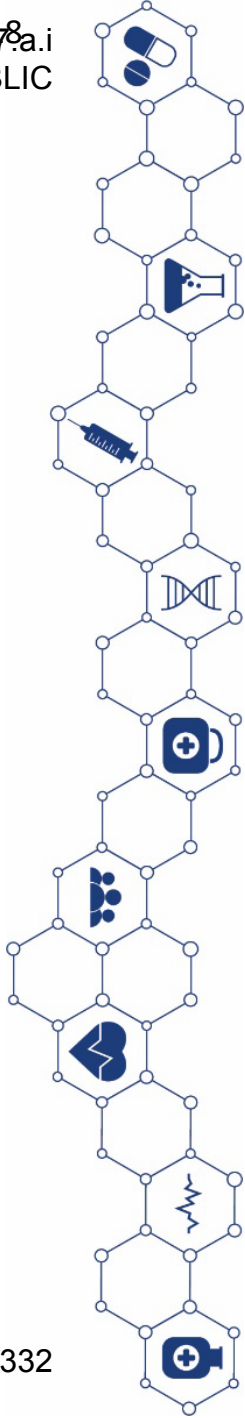
Samaritan's hospitals, clinics, and related entities will remain separate entities under the SHS Parent

The SHS Board will continue to provide local governance and oversight, with certain reserved powers held by MultiCare

Samaritan's two health plan entities will become indirect subsidiaries of MultiCare at closing

Within 6 months of closing, MultiCare will expand its Board to include at least 1 member from Oregon – nominated by the SHS Board

All Samaritan Foundations will retain their current structure, with assets held exclusively for the benefit of SHS and its hospitals



Employees, Medical Staff & Leadership

Employee Continuity

- All SHS employees will continue employment at closing under the same terms and conditions in place today
- SHS will continue to honor all existing union agreements

Leadership Stability

- The SHS President/CEO will remain in place under current contract terms and become the SVP of the Region
- Each SHS executive team member will receive a commercially reasonable employment agreement
- The SHS Board will have authority over employment policies and practices post-closing

Physician & Medical Staff Continuity

- No changes to medical staff membership, privileges, or leadership roles at closing
- Medical staff will remain independent and operate under existing bylaws

Additional Terms

Charity Care & Financial Assistance

- SHS will continue to use its financial assistance policy.
- Following closing, we will review each other's policies to consider and discuss potential changes

Branding

- SHS will continue use of the Samaritan name and logo together with the MultiCare brand and logo as the endorsing brand for all marketing, advertising, and branding activities

Corporate Services

- MultiCare will assume authority over SHS' shared business, operational, and financial services – including revenue cycle, supply chain, treasury, finance & recapitalization, legal, IT, population health, marketing & communications, managed care contracting, government relations, and HR functions

Reverse Due Diligence Summary

Samaritan has completed its diligence review of MultiCare, the following list outlines the categories of diligence completed



Corporate Structure
& Joint Ventures



Financial
Documents



Debt



Compensation
Structure & Strategy



Insurance,
Litigation, & Claims



Regulatory &
Compliance

No material adverse findings through the due diligence process in the various categories. One area of potential risk identified in litigation and discussed at SHS Board Retreat.

Representations & Warranties



The Agreement includes a standard set of representations and warranties by both parties to confirm the accuracy, compliance, and sound condition of each organization at signing and at closing



These reciprocal provisions ensure both organizations make accurate, good-faith statements about their legal standing and condition



SHS has the right to update disclosure schedules before closing if new information arises or corrections are needed



The “fundamental” representations made by SHS have greater significance—serving as key protections that, if breached, could impact termination or enforcement rights. These include core items like organization, authority, compliance, health plans, and key regulatory or tax matters

Interim Conduct of Business (Pre-Closing)

• Ordinary Course of Operations

- SHS will continue to operate its hospitals, clinics, and related entities in the ordinary course of business until closing.
- No control or decision-making authority is ceded to MultiCare prior to closing.

• Maintain Stability

- Preserve the organization, workforce, medical staff bylaws, and key leadership team.
- Keep all licenses, accreditations, and insurance in force and in good standing.
- Maintain accurate records and compliance with all legal and regulatory requirements.

• Financial & Contract Discipline

- No major unbudgeted spending or new debt over \$5 million without approval.
- No material changes to governing documents, accounting methods, or benefit plans.
- Avoid actions that could create new liabilities, settlements, or impair the transaction.

• Employee & Compensation Controls

- No new senior-level hires, compensation increases, or severance changes beyond the ordinary course (>\$500 K threshold).
- No layoffs or workforce reductions triggering WARN Act requirements.

• Overall Objective

- Preserve Samaritan's financial and operational condition between signing and closing, ensuring a smooth transition with no material changes before affiliation completion.

Provided Examples of MultiCare Reserved Powers

Strategic & Financial Oversight

- Final approval of SHS's annual operating and capital budgets (including compensation plans).
- Final approval of SHS's strategic plan and any material modifications.
- Approval of SHS's community benefit plan.
- Approval of unbudgeted expenses or new debt / refinancing of bonds.

Leadership & Governance

- Selection and removal of SHS's President & CEO, following consultation with the SHS Board.
- Approval of SHS Board member appointments and authority to remove members.
- Approval of changes to articles of incorporation or bylaws.

Major Transactions

- Approval of any merger, consolidation, or sale of substantially all SHS assets, or disposition of assets above a defined threshold.